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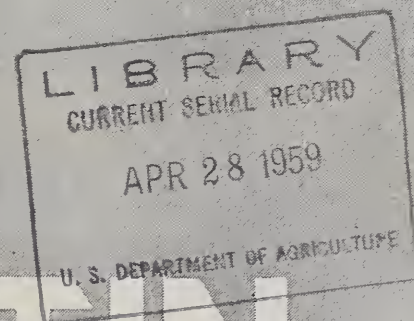
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THE

Market Administrator's

BULLETIN



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MARKET ADMINISTRATOR

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Decline in Number of Milk Cows Slowed in Second Half of 1958

The number of milk cows on farms in the United States has declined each year since 1944 except in 1953. The reduction has been gradual, except for declines of more than 3 percent in 1948 and in 1958. The general down-trend in numbers of milk cows reflected in part a down-trend in demand for milk products and an increase in demand for some other livestock products. The number of farms with milk cows has declined by an even larger percentage than the number of milk cows. Farms continuing to produce milk have steadily increased the average size of their herds. These changes in number of dairy cows and dairy farms reflect farmers' adjustments to take advantage of new technology and alternative opportunities as well as changing cost-price relationships. The larger reduction in numbers of cows in 1948 and 1958 was associated with sharp increases in the carcass value of dairy animals.

During 1958, prices received by farmers for milk and butterfat averaged a little lower than in 1957. The price of feed also was lower part of the year and the milk-feed price relationship continued well above average throughout 1958. On the other hand, the price of beef cattle and hogs, enterprises which compete with the dairy industry in the Central portion of the country, rose to very high levels compared with milk prices. As a result, the number of milk cows

eliminated during the year, 26.6 per 100, was the highest since the 27.2 in 1945, and compares with 26.4 during 1957. The number of young stock was smaller at the beginning of 1958 than a year earlier, but compared with the number of mature cows on hand, was the highest since 1953. By January 1, 1959 the number of young stock had increased, both in actual numbers, and relative to the number of mature cows on hand.

In the past two decades the number of milk cows on farms and the total cattle population have shown different trends. The number of milk cows and heifers on farms increased from 1939 to a record of 41.3 million head in 1944 and then declined steadily. The 1959 number, 21.6 million head, is about 20 percent below the level of 1944. The number of cattle not kept for milk increased from 30.4 million in 1939 to 44 million by 1944, declined to 41 million head in 1948, then increased around 56 percent to about 64 million head in 1959, about double that of 1939. As a result of these two sharply different trends, the number of cattle kept for milk production has declined to around $\frac{1}{3}$ of the total number of cattle in recent years, compared with over $\frac{1}{2}$ as late as 1943. Despite this shrinkage in the importance of dairy cattle in the total cattle slaughter picture, the sale of dairy animals from milking

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USE OF AMERICAN CHEESE REACHED RECORD HIGH IN 1958

Consumption of the different dairy products usually changes very little from one year to the next. Rarely does a change from one year to the next exceed 10 percent. In 1958 consumption of American cheese from commercial sources apparently increased about 13 percent above the low level of the preceding year. The main factor bringing this about apparently was the increase in the retail price for red meats. Retail prices for American cheese averaged only very slightly above 1957.

Per capita use of American cheese from all sources was 5.9 pounds in 1958, compared with 5.1 in 1957, and the previous record high of 5.5 pounds in 1954. Use from commercial sources averaged about 5.1 pounds in 1958. This compares with 4.5 pounds in 1957, (which was the lowest since 1946), and with 4.9 pounds in 1956. Distribution domestically of cheese from CCC supplies rose to .8 pounds in 1958, compared with .6 pounds in 1957. The increase in cheese consumption helped greatly to reduce the surplus of milk products at present support prices, since an increase of $\frac{1}{2}$ pound in cheese consumption for the present population requires about 850 million pounds more milk.

The biggest other change in per capita use of dairy products from 1957 to 1958 was the decline in use of evaporated milk to a new post-war low of 12.4

(Continued on page four)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each 1/10%	

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
" " " B.F. " " I	
" " " Milk " " II	
" " " B.F. " " II	
" " " Milk " " III	
" " " B.F. " " III	
" " " Milk " " IV	
" " " B.F. " " IV	

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producer Milk at Test	
Income per Producer (7 Day Average)	

GROSS CLASS USE (Pounds)

Class I Skim	
" I B.F.	
" I Milk	
" II Skim	
" II B.F.	
" II Milk	

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

* Fall Production Payment 55¢ per cwt. additional

Feb. 1959	Jan. 1959	Feb. 1958
\$4.34	\$4.34*	\$4.38
4.70	4.685	4.73
4.44	4.442	4.504
4.04	4.042	4.104
3.94	3.942	4.003
2.869	2.867	3.082
7.2¢	6.9¢	7.0¢
86.4	86.7	83.9
82.2	81.1	78.6
10.7	7.5	9.6
3.1	2.1	2.5
.8	1.6	3.1
3.0	2.4	2.9
2.1	4.2	3.4
11.7	14.4	16.0
21,909,063	24,104,575	22,305,961
676,374	674,105	668,156
1,689	1,705	1,844
463	456	432
3.85	3.94	3.86
\$1,006,507.14	\$1,118,736.40	\$1,030,671.27
\$148.98	\$148.16	\$139.73
18,244,360	20,159,495	18,169,971
694,124	770,789	676,271
18,938,484	20,930,284	18,846,242
2,343,045	1,823,342	2,196,808
25,890	20,353	21,513
2,368,935	1,843,695	2,218,321
274,936	278,645	271,186
5,056	4,973	5,216
14,603	13,688	14,372
11,080	10,372	9,503
8,025	7,895	7,645

COMPARATIVE STATISTICS ★

COLUMBUS MARKETING AREA

★ Feb., 1950-59

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1950.....	15,457,319	4.13	77.3	16.4	6.3	--	3.93	4.056	3.656	3.08	----	2,423	228
1951.....	15,420,477	4.14	80.1	16.8	3.1	--	4.80	4.942	4.542	3.451	----	2,124	259
1952.....	16,151,739	4.07	83.6	14.7	1.7	--	5.37	5.454	5.054	4.278	----	2,103	265
1953.....	18,732,785	4.03	76.5	15.2	8.3	--	4.50	4.662	4.262	3.586	----	2,228	300
1954.....	21,690,415	3.96	71.0	13.0	16.0	--	4.13	4.34	3.94	3.46	----	2,238	346
1955.....	21,417,170	3.94	77.1	8.1	7.1	7.7	4.02	4.23	3.83	3.83	3.154	2,132	359
1956.....	23,832,175	3.89	75.7	9.8	6.9	7.6	3.91	4.094	3.694	3.694	3.118	2,074	396
1957.....	21,646,895	3.80	85.7	8.7	2.9	2.7	4.44	4.529	4.129	4.029	3.063	1,921	402
1958.....	22,305,961	3.86	83.9	9.6	3.1	3.4	4.38	4.504	4.104	4.003	3.082	1,844	432
1959.....	21,909,063	3.85	86.4	10.7	.8	2.1	4.34	4.44	4.04	3.94	2.869	1,689	463

Volume of Support Purchases May Be Relatively Lower in 1959

The output of milk, calculated on a per person basis, has been declining for several years, even though total production has increased. With the shift in consumer tastes and preferences away from some milk products, however, the total supply of milk products in commercial markets has exceeded demands at prevailing levels of incomes and prices. The excess has declined sharply in the last year, mainly because of the levelling off of production. In the marketing year to end March 31 this year, the purchases of butter and cheese probably will be equivalent to no more than approximately half the 6.8 billion pounds in the 12 months ending March 31, 1958. Purchases of nonfat dry milk total about $\frac{1}{2}$ billion pounds so far this marketing year and will continue at a record high level through 1959. The support level for milk and butterfat under existing legislation must be between 75 and 90 percent of parity. The Secretary of Agriculture, under present law, must determine and announce such level of support prior to April 1. In the current marketing year manufacturing milk has been supported at \$3.06 per hundredweight, which was 75 percent of the parity equivalent for such milk at the beginning of the marketing year.

The parity equivalent for manufacturing milk for the year to begin April 1 may be lower than a year earlier, mainly because of the revision in the index of

prices paid by farmers for commodities and services ("the parity index"). This index was revised to incorporate a new pattern of weights which is more nearly in line with current agricultural conditions than the one previously used. The new weighting pattern was based on the results of a Survey of Farmers' Expenditures in 1955. Until this revision, the weights used in the index were based on farmers' expenditures in the period 1937-41.

The index of prices received by farmers—the companion index which is also used in the parity price calculations—was also revised with average sales of farm products during the period 1953-57 used as the basis of the weights.

The revision in both indices are carried back to September, 1952 and linked into the previously published indices at that point.

The 1949-58 average of revised indices of prices received by farmers is slightly less than 1 percent lower than the unrevised index. The decrease in the parity index is partially offset by the lower 10-year average of the index of prices received, so that the net effect of the revisions is to reduce parity prices as of January, 1959 by about $3\frac{1}{2}$ percent from what the level otherwise would have been.

The parity equivalent for manufacturing milk, in accordance with an administrative procedure adopted in February,

1949, is related to the parity price for all milk in the same manner in which the actual prices are related for a recent period. In the 10 years ending with December, 1958, the price of manufacturing milk was 80.2 percent of the price received for all milk. In the 10 years ending with December, 1957, the manufacturing milk component was 81.2 percent of the average price for all milk.

For the above two reasons, the legal minimum support for manufacturing milk for the year starting April 1 (assuming no change in the parity index from the January level) would be in the neighborhood of \$2.98 per hundredweight, compared with a minimum last year of \$3.06 per hundredweight. The average price received by farmers for manufacturing milk for the 12 months ending March 31 will be in the neighborhood of \$3.18 per hundredweight.

The reduction in the parity price for butterfat means that the legal minimum support level (75 percent of parity) may be 55.2 cents for the marketing year coming up, compared with 56.6 cents per pounds which was 75 percent of parity for the marketing year now under way. The actual price received by farmers for butterfat this marketing year is 58.1 cents per pound, or approximately 77 percent of parity as of the beginning of the marketing year. The price for manufacturing milk at \$3.18 per hundredweight, as indicated above, is about 78 percent of the parity equivalent as of the beginning of this marketing year.

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THE Market Administrators BULLETIN

Decline in Number of Milk Cows Slowed in Second Half of 1958 *(Continued from page one)*

herds still is an important supplementary source of income to dairy farmers.

In the past year, all regions of the country showed a decline in number of milk cows. Only 5 States showed a larger number on farms January 1 this year than a year earlier. Also, all regions showed an increase in the number of young stock compared with the number of mature cows. This presumably reflects the rise in the price level for all live cattle.

The average price received by farmers for milk cows has increased steadily since the autumn of 1956. So far this winter, as in the winter of 1957-58, there was no seasonal decline in this price. The increase in the price received by farmers for milk cows in the past 2 years, \$72 per head, reflects largely the increase in carcass value of such animals. The wholesale price at Chicago for canner and cutter stock in January, 1958 was \$3.67 per hundredweight over a year earlier, and increased an additional \$3.80 in the past 12 months. For a thousand-pound animal, this would amount to an increase of \$75 per head.

Indications point to a slowing up in the rate of decline in number of milk cows during the closing months of 1958. With feed prices not likely to show much change, the number of milk cows on farms in 1959 is likely to show a decline more nearly equal to the average rate of other recent years.

Market Quotations

Feb.
1959

12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.060
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.9900
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	3.005
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.888
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	3.100
Evaporated Milk Code Price, 3.5% per Cwt.	2.747
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	2.9926
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	2.991
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.015
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.889
Average Weekly Cheddars price per lb.3175
Average price per lb. non-fat dry milk solids, roller process delivered Chicago1355
Average price per lb. 92-score butter at Chicago (Equivalent Price).....	.57743
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant12695

Use of American Cheese Reached Record High in 1958 *(Continued from page one)*

pounds, compared with 13.1 pounds in 1957. Consumption of this item rose gradually for nearly four decades, reaching a record high in 1948 of 18.4 pounds per person. It has declined in most years since 1948, declining nearly 6 pounds per person from 1950 to 1958, an average of more than 0.5 pounds per year. Some factors contributing to this decline have been the increased consumption of non-fat dry milk, increased use of half-and-half, a fresh fluid product, and generally increased availability of fresh milk throughout the Southern area of the country, where use of evaporated milk customarily has been highest. Moreover, infant feeding practices have been changed.

Consumption of butter per person from all sources in 1958 was 8.4 pounds, continuing the record low level of 1957. However, use of creamery butter from commercial sources declined slightly from 1957 to 7.1 pounds in 1958, though not quite to the record low of 1953 which was 6.9 pounds. Consumption on farms of farm churned butter also declined to another record low in 1958. These declines were offset by a doubling in quantity of butter distributed from CCC stocks, over 1957, thereby holding the total per capita for all butter unchanged at the 1957 level of 8.4 pounds. Per capita butter consumption is now less than half the pre-World War II level of 17 pounds. Consumption of margarine per person was 9.0 pounds in 1958 compared with 8.6 pounds in 1957 and 2.9 pounds in 1935-39.